

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
233 Richmond Street
Providence, RI 02903

INSURANCE REGULATION 98

RHODE ISLAND AUTOMOBILE INSURANCE PLAN

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Section 1 ***Authority***

This Regulation is promulgated pursuant to R.I. Gen. Laws §§ 27-9-41 and 42-35-3.

Section 2 ***Purpose***

The purpose of this Regulation is to establish rates for insurance under the Rhode Island Automobile Insurance Plan (“the Plan”), authorized pursuant to R.I. Gen. Laws § 31-33-8, and to provide that any excess losses may be included in the data used in the development of automobile insurance rates for voluntary business.

Section 3 ***Consideration of Loss Experience and Prospective Expenses***

R.I. Gen. Laws § 27-9-4 provides in relevant part that, in making of rates, past and prospective loss experience and past and prospective expenses shall be given due consideration. This includes the net losses to the insurer from the assignments received from the Plan. If losses to any company from participation in the Plan are considered as an expense of doing business in Rhode Island, such expense is a proper consideration in the development of rates for voluntary business.

Section 4 ***Election of Method of Plan Usage***

Companies may elect one of the following methods for using the Plan losses in the development and support of rate filings:

(1) The filer may add the losses and assessments from participation in the Plan to the losses from the voluntary business used in the development of rates; and the premium revenue from the Plan business to the premium revenue from the voluntary business clearly identifying each item; or

(2) The filer may consider the excess of losses and assessments from the Plan business over the premium revenue from such business as an expense and may add this amount to the expense for the voluntary business, with a clear identification of this component part; or

(3) If the filer does not have a credible volume of business from the Plan, it may, for the purpose of rate development, substitute the average premium and average loss for business under the Plan (or the average loss in expense) for the actual individual experience of the filer with the Plan business and shall supply the Insurance Division with a statement and exhibit to this effect.

Section 5 Rate Adjustment

Any subsequent change in the rates for the Plan may indicate a need for adjustment of the rates of the filer if the support for such rates rests upon substantially different premium estimates from participation in the Plan. It will be the responsibility of the filer to supply such evidentiary material to the Department.

Section 6 Severability

If any section, term, or provision of this Regulation should be adjudged invalid for any reason, that judgment should not effect, impair, or invalidate any remaining section, term, or provision, which shall remain in full force and effect.

Section 7 Effective Date

This Regulation shall be effective twenty (20) days from the date of filing with the Secretary of State.

EFFECTIVE DATE: May 2, 2001
REFILED: December 19, 2001